

ORDINANCE BILL NO. 10 FOR 1988

ORDINANCE NO. 980

AN ORDINANCE OF THE CITY OF SWEET HOME,  
OREGON AUTHORIZING THE ISSUANCE AND SALE  
OF \$120,000 WATER REVENUE BONDS,  
DESIGNATING A PAYING AGENT AND REGISTRAR,  
AUTHORIZING A NEGOTIATED SALE, AND  
DECLARING AN EMERGENCY.

WHEREAS, on December 22, 1987, the City of Sweet Home, Oregon (the "Issuer") issued its Water Revenue Bonds, Series 1987 (the "Series 1987 Bonds") in the aggregate principal amount of \$85,000 to pay a portion of the cost of certain additions and improvements to the Issuer's existing water supply system (the "Facilities"); and

WHEREAS, the Issuer expected to receive additional grant funds to pay the remaining cost of the additions and improvements to the Facilities; and

WHEREAS, the full amount of the anticipated grant funds will not be available to the Issuer; and

WHEREAS, the Issuer finds it desirable to issue additional water revenue bonds in an amount not to exceed \$120,000 to finance the remaining cost of the additions and improvements to the Facilities pursuant to Oregon Revised Statutes 288.805 to 288.945, inclusive, and to pledge for payment of the Bonds the unobligated net revenues of the Facilities, being a revenue producing facility providing services related to the services to be financed by the Bonds; and

WHEREAS, the Council of the Issuer on June 28, 1988 adopted Resolution No. 9 authorizing the issuance of its revenue bonds secured by water revenues to pay the remaining cost of certain additions and improvements to the Facilities; and

WHEREAS, a Notice of Intent to Issue Bonds was published in the The New Era on July 6, 1988 relating to the issuance of such revenue bonds in an amount not to exceed \$120,000, and no petitions were received following publication of the Notice of Intent; and

WHEREAS, the Issuer has prepared a plan showing that the estimated net revenues of the improvements to be constructed to the existing Facilities are sufficient to pay the estimated debt incurred under the water revenue bond issue; and

WHEREAS, in order to proceed with the orderly construction of the improvements to the Facilities, it is necessary and desirable for the Issuer to issue and sell its Water Revenue Bonds, Series 1988.

THE CITY OF SWEET HOME, OREGON DOES ORDAIN AS FOLLOWS:

Section 1. Issuance of Bonds. The Council of the City authorizes the issuance and sale of \$120,000 of its water revenue bonds. The Bonds shall be negotiable revenue bonds of the Issuer and shall bear interest at a rate not to exceed twelve percent (12%) per annum, payable semi-annually. The Bonds shall be payable in any coin or currency which at the time of payment is legal tender for the payment of public and private debts within the United States of America.

Section 2. Title and Execution of Bonds. The Bonds shall be entitled "City of Sweet Home, Oregon Water Revenue Bonds, Series 1988" (the "Bonds") and shall bear the manual or facsimile signature of the Mayor of the Issuer and the manual or facsimile signature of the City Recorder. In addition, the Council requests and authorizes the Registrar to execute the Certificate of Authentication as of the date of delivery of the Bonds.

Section 3. Terms of Bonds. The Bonds shall be issued in fully registered form, shall be in denominations of Five Thousand Dollars (\$5,000) each, or integral multiples thereof, shall be dated October 1, 1988, shall be numbered sequentially beginning with R-1, and shall mature serially on the first day of October, as follows:

<u>Year</u>	<u>Amount</u>
1989	\$10,000
1990	10,000
1991	10,000
1992	10,000
1993	10,000
1994	10,000
1995	15,000
1996	15,000
1997	15,000
1998	15,000

Section 4. Payment of Bonds. The principal of the Bonds shall be payable upon delivery of the Bonds at maturity or upon prior redemption at the principal corporate trust office of the Paying Agent in Portland, Oregon. Payment of each installment of interest due on October 1 and April 1 of each year shall be made by check or draft of the Paying Agent mailed to the registered owner thereof whose name and address appears on the registration books of the Issuer maintained by the Paying Agent as of the close of business on the 15th day of the month next preceding the interest payment date.

Section 5. Interest Account. The Issuer shall deposit accrued interest received on the proceeds of the Bonds to the Interest Account of the Issuer's Water Fund created pursuant to Ordinance No. 968 of the Issuer enacted on November 24, 1987. Prior to any Interest Payment Date, there shall be deposited by the Issuer to the Interest Account sufficient moneys to pay the interest on the Bonds on the next Interest Payment Date. The Issuer shall disburse from the Interest Account the amounts, together with income earned thereon, as shall be sufficient to pay the maturing interest on the Bonds. Any deficiency in the Interest Account shall be deposited by the Issuer from the Debt Service Reserve Account, or such other funds as may be available to the Issuer for this purpose.

Section 6. Principal Account. Prior to any Principal Payment Date, there shall be deposited in the Principal Account of the Issuer's Water Fund created pursuant to Ordinance No. 968 of the Issuer enacted on November 24, 1987 sufficient moneys to pay the principal on the Bonds on the next Principal Payment Date. The Issuer shall distribute from the Principal Account the amounts, together with income earned thereon, as shall be sufficient to pay the principal on the Bonds. Any deficiency in the Principal Account shall be deposited from the Debt Service Reserve Account, or such other funds of the Issuer as may be available for these purposes.

Section 7. Debt Service Reserve. Immediately upon the sale and delivery of the Bonds, the Issuer shall deposit to the Debt Service Reserve Account of the Issuer's Water Fund created pursuant to Ordinance No. 968 of the Issuer enacted on November 24, 1987, an amount equal to the lesser of:

(a) the maximum annual debt service on the Bonds, defined as the maximum amount in the aggregate of principal of and interest on the Bonds due in any one fiscal year,

(b) 125% of the average annual debt service on the Bonds, defined as the average amount in the aggregate of principal of and interest on the Bonds due in one fiscal year, and

(c) 10% of the issue price of the Bonds.

The Debt Service Reserve Account and the moneys therein are irrevocably pledged to the payment of the Bonds, and such funds may be applied upon the final maturity of the principal of and interest on the Bonds. In the event the balance in the Principal Account or the Interest Account is insufficient to pay the maturing principal of or interest on, respectively, the Bonds and the Series 1987 Bonds, then the Issuer shall withdraw from the Debt Service Reserve Account for transfer to the Interest Account or the Principal Account sufficient moneys to make such payments when due. Thereafter, the Issuer shall transfer from the next available deposits to the Debt Service Account sufficient moneys to restore the balance in the Debt Service Reserve Account to the required amount.

Section 8. Form of Bonds. The Bonds shall be issued substantially in the form set forth in Exhibit A attached hereto and incorporated herein by this reference.

Section 9. Appointment of Paying Agent and Registrar. The Council appoints and designates United States National Bank of Oregon of Portland, Oregon as the Paying Agent and Registrar of the Bonds. The Mayor or the City Manager is authorized to negotiate and execute on behalf of the Issuer a Paying Agent and Registrar Agreement. The Agreement shall provide for compliance with Oregon Administrative Rule 170-61-010.

Section 10. Transfer of Bonds. The Bonds are transferable, or subject to exchange, for fully registered Bonds in the denomination of \$5,000 or integral multiples thereof by the registered owner thereof in person, or by the owner's attorney duly authorized in writing, at the office of the Registrar. The Paying Agent shall maintain a record of the names and addresses of the registered owners of the Bonds. The records of registered bond ownership are not public records within the meaning of Oregon Revised Statutes 192.410(4).

All bonds issued upon transfer of or in exchange for Bonds shall evidence the same debt and shall be entitled to the same benefits as the Bonds surrendered for such exchange or transfer. All fees, expenses and charges of the Paying Agent and Registrar shall be payable by the Issuer. The Registrar shall not be required to transfer or exchange any Bond after the close of business on the 15th day of the month next preceding any interest payment date.

Section 11. Printing of Bonds. The City Manager or Finance Director is authorized to contract for the printing of the Bonds. The City Manager or Finance Director may provide for the printing of, in addition to the original issue of Bonds,

additional bonds to be printed in blank form as to registration and to be designated by appropriate number for the Registrar for delivery to the registered owner upon transfer or exchange of Bonds. The additional bonds shall be dated as of October 1, 1988, shall be signed by the manual or facsimile signature of the present Mayor and by the manual or facsimile signature of the present City Recorder and the Registrar shall manually sign the Certificate of Authentication as of the date of transfer of the Bonds.

Section 12. Pledge of Revenues. The Bonds shall not be a general obligation of the Issuer and shall not be payable from any taxes levied by the Issuer. The Issuer pledges to the payment of the Bonds the unobligated revenues of the water supply system of the Issuer after payment of any indebtedness previously authorized and secured by a pledge of the water supply system revenues, and after payment of the expenses of maintenance, operation and administration ("Net Revenues").

Section 13. Rate Covenant. The Issuer covenants and agrees that it shall impose and collect such water system user fees and charges and shall revise its rate structure as shall be necessary in order that the revenues of the water supply system will be sufficient at all times to provide for the maintenance, operation and administrative expenses of the water supply system and to provide Net Revenues not less than 1.25 times the then fiscal year annual debt service on the Bonds and the Series 1987 Bonds; that all use of the water supply system shall be subject to the full rates prescribed by the Issuer; and that no free use of the water supply system will be permitted.

Section 14. Investment of Funds. The moneys in the Interest Account, Principal Account and Debt Service Reserve Account (the "Special Account") shall be invested as prescribed by Oregon Revised Statutes 294.035 for the investment of surplus funds of political subdivisions. Earnings of the Interest Account and the Principal Account shall accrue to each such account, respectively. Earnings of the Debt Service Reserve Account shall be applied first to the deficiency, if any, in such account and any sums in excess of the amount required to be on deposit as provided in Section 7 hereof shall be transferred to the Interest Account.

Section 15. Additional Bonds. The Issuer may issue additional water revenue bonds (the "Additional Bonds") on a parity with the Bonds, which shall be secured in all respects in the same manner as the Bonds and shall be issued for the purpose of making additions, enlargements, replacements, extensions and improvements to the water supply system. Such Additional Bonds may be issued upon compliance with the following conditions:

(a) That no deficiency exists in the required moneys to be on deposit in the Special Accounts;

(b) Provisions shall be made to deposit to the Debt Service Reserve Account a sum equal to the lesser of:

(i) the maximum annual debt service (as defined in Section 7 hereof) on the proposed Additional Bonds; and

(ii) 125% of the average annual debt service (as defined in Section 7 hereof) on the proposed Additional Bonds; and

(iii) 10% of the issue price of the Additional Bonds; and

(c) The Issuer shall obtain and have on file a certificate from an independent professional engineer or certified public accountant determining that the Net Revenues in any twelve (12) consecutive months within the twenty-four (24) months immediately preceding the issuance of such Additional Bonds equals 1.25 times the maximum annual debt service of the Bonds and of the proposed Additional Bonds.

In determining whether the Issuer complies with the conditions for the issuance of Additional Bonds, the following adjustments may be made to the Net Revenues in the certificate as required in subparagraph (c) above:

(i) Any rate change that has taken place or previously has been approved and is effective may be reflected in the Net Revenues of the twelve-month term;

(ii) Any increase in the Net Revenues estimated to result from any additions, betterments and improvements to and extensions of the water supply system which become operational during such twelve-month period, or were under construction at the time of such certificate, may be included in the determination;

(iii) Additional revenues to be realized from water system users added to the water supply system during or subsequent to the twelve-month term;

(d) The adoption of an ordinance by the Council containing provisions incorporating and making binding upon the registered owners of the Additional Bonds all

provisions of this Ordinance which describe the rights and obligations of the registered owners of the Bonds; and

(e) Provided that the Additional Bonds, when issued in accordance with this section, shall be secured on a parity with and equally and ratably with the registered owners of the Bonds and the Additional Bonds, without preference, priority or distinction because of the date of the issue of such Bonds or the incurrence of the additional parity debt.

Section 16. Maintenance of System. The Issuer will not dispose of or transfer its title to the water supply system and will operate and maintain the water supply system in good condition and repair.

Section 17. Maintenance of Records. The Issuer shall maintain complete books and records relating to the operation of the water supply system and its financial affairs, and will cause such books and records to be audited annually at the end of each fiscal year and an audit report to be prepared. At all reasonable times, the registered owners of the Bonds, or their designated representative, shall have the right to inspect the water supply system and the records, accounts and data of the Issuer relating thereto.

Section 18. Covenant as to Arbitrage. The proceeds of the Bonds shall be used and invested in such manner that the Bonds shall not become "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, (the "Code") and the regulations issued thereunder. The Issuer covenants that, within its lawful powers, it will not do, and will refrain from doing, anything in the issuance of the Bonds and in the investment and expenditure of the proceeds thereof, which would result in the interest on the Bonds becoming taxable for federal income tax purposes.

Section 19. Designation as Qualified Tax-Exempt Obligations. The Issuer hereby designates the Bonds for purposes of paragraph (3) of Section 265(b) of the Code as "qualified tax-exempt obligations" and covenants that the Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations, the interest on which is excludable under Section 103(a) of the Code from gross income for federal income tax purposes (excluding, however, private activity bonds other than qualified 501(c)(3) bonds) including the Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, if any, during the calendar year 1988.

Section 20. Sale of Bonds. The Bonds shall be sold at private negotiated sale at a price not less than 96% of par value thereof and accrued interest to the date of delivery. The Mayor or City Manager is authorized to negotiate the terms of the sale of the Bonds and to execute a bond purchase agreement for the sale of the Bonds.

Section 21. Execution of Documents. The City Manager is authorized to execute a Certificate As To Arbitrage and all additional documents which may reasonably be required to issue, sell and deliver the Bonds.

Section 22. Appointment of Financial Consultant. Pursuant to ORS 288.845, the Issuer retains Moore, Breithaupt & Associates to provide independent expert advice to the Issuer to evaluate:

- (a) the terms and conditions of the proposed sale;
- (b) the pricing of the proposed sale; and
- (c) any other relevant aspects of the sale.

Section 23. Appointment of Bond Counsel. Messrs. Rankin VavRosky Doherty MacColl & Mersereau of Portland, Oregon are appointed Bond Counsel for the issuance of the Bonds.

Section 24. Preliminary and Final Official Statement. The Issuer shall prepare, with the assistance of its financial advisor, a preliminary official statement for the Bonds. When advised by staff that the final official statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the official statement not misleading in the light of the circumstances under which they are made, the City Manager is authorized to certify the accuracy of the official statement on behalf of the Issuer.

Section 25. Emergency. It is hereby declared that the Issuer must proceed promptly with the construction and installation of the facilities and this Ordinance is necessary for the immediate preservation of the public peace, health and safety and this Ordinance shall be in full force and effect from and after its passage by the Council and approval by the Mayor.

AYES: 7

NAYS: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_



Passed by the Council and approved by the Mayor on the  
27th day of September, 1988.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Manager - Ex Officio  
City Recorder

UNITED STATES OF AMERICA  
 STATE OF OREGON  
 CITY OF SWEET HOME, OREGON  
 WATER REVENUE BOND  
 SERIES 1988

Refer to reverse side  
 for Additional Provisions  
 Number R-

Rate of Interest: \_\_\_\_\_ % Per Annum Maturity Date: \_\_\_\_\_ Dated: October 1, 1988 CUSIP \_\_\_\_\_

Registered Owner \_\_\_\_\_

Principal Amount \_\_\_\_\_ DOLLARS

The City of Sweet Home, Oregon (the "City") for value received, acknowledges itself indebted and hereby promises to pay, but only from the water supply system net revenues, to the Registered Owner, or registered assigns, on the Maturity Date, the Principal Amount and to pay interest thereon from the date of this Bond, or from the most recent interest payment date to which interest has been paid, at the Rate of Interest per annum set forth above on the first day of April and the first day of October of each year commencing April 1, 1989 until the Principal Amount is paid either at maturity or upon redemption.

The principal of this Bond is payable in lawful money of the United States of America upon presentation at the principal corporate trust office of United States National Bank of Oregon in Portland, Oregon, as Paying Agent and Registrar. Payment of each installment of interest shall be made to the registered owner hereof whose name appears on the registration books of the City maintained by the Paying Agent as of the close of business on the fifteenth (15th) day of the month next preceding the interest payment date and shall be paid by the check or draft of the Paying Agent mailed to the registered owner the address as it appears on the registration books. The Registrar shall not be required (1) to transfer or exchange any Bond after the close of business on the fifteenth (15th) day of the month next preceding any interest payment date, or (2) to transfer or exchange any Bond called or being called for redemption.

REFERENCE IS HEREBY MADE TO THE ADDITIONAL PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, AND SUCH ADDITIONAL PROVISIONS SHALL HAVE THE SAME EFFECT AS IF FULLY SET FORTH HERE.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in the form and manner required by the Constitution and statutes of the State of Oregon and by the Charter of the City, and that this Bond, together with all other indebtedness of the City, does not exceed any limitation prescribed by law.

The Bonds are not general obligations of the City or a charge upon the tax revenues of the City. The Bonds, and the interest thereon, shall be paid to the extent permitted by law solely from water supply system net revenues and are secured by a pledge of the Net Revenues and the Special Accounts created by the City. The Bonds are valid and legally binding obligations of the City and are authorized and issued by Virtue of Oregon Revised Statutes 288.805 to 288.945 and Ordinance No. 980 adopted by the Council of the City on Sept. 27, 1988.

This Bond shall not be valid or become obligatory until the Certificate of Authentication hereon shall have been signed by the Bond Registrar.


IN WITNESS WHEREOF, the Council of the City has caused this Bond to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Recorder and a facsimile of the corporate seal to be imprinted hereon, all as of the first day of October, 1988.


Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the Water Revenue Bonds, Series 1988, of the City of Sweet Home, Oregon.

UNITED STATES NATIONAL BANK OF OREGON,  
 as Bond Registrar

  
 Mayor

  
 City Recorder

Attest:

By \_\_\_\_\_  
 Authorized Officer